Saskatchewan Milk Control Board

Update

Volume 15 No. 11, May 15, 2009

CHAIRMAN'S MESSAGE – BLAINE McLEOD

Once again spring has made its welcome return and the start of a new growing season is fast upon us. Many challenges will consume our time, energy, and resources but the ability to earn a fair return is one of the strengths that sets our industry apart. That ability comes from our system of supply management which is foundationally built on three principles:

1. Controlled production
2. Controlled imports
3. Controlled prices

Each of these pillars must be respected and supported to ensure that the system operates smoothly. In order to ensure a more stable supply of milk we are in the process of implementing the model of continuous quota management. Saskatchewan is experiencing a very strong level of production, but that strong production puts us in the very real danger of going beyond our upper production limit of 101%. The penalty that will be assessed for going over that limit is one and one half times the value of the over quota milk. The pool will be assessed the penalty, and any producer that is in 4M at the end of July may have those dollars held until October of 2010, providing that their production is brought into line at that point. We as producers must make every effort to live within the quota that has been issued and not simply produce surplus milk because we can. If we believe in the principles of supply management we must exercise production discipline and produce only the milk that we have quota for.

In the next few days, we will be mailing out the continuous quota policy that will have been adopted and approved by a joint committee of Dairy Farmers of Saskatchewan and the Milk Control Board. We would invite your careful consideration of the contents and also want to encourage you to attend one of the training seminars that will be offered in the near future. The reality of continuous daily quota is here. We must adapt in an orderly fashion and need the co-operation of our industry to successfully make the transition.

QUOTA EXCHANGE

The market-clearing price established for the May, 2009 Unused Quota Exchange was **$75.20.** There was no market-clearing price established for the May, 2009 Used Quota Exchange. The results of the Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange will be held on June 15, 2009. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, June 6, 2009. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. **Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.**

The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat		**$75.20**
Kilograms offered to Purchase		**2,500**
Kilograms offered to Sell		**5,400**
Kilograms sold		**1,400**
Number of Producers		
- offered to purchase	**3**	
- purchased quota	**2**	
- offered to sell	**3**	
- sold quota	**2**	

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
73.99	1	1	800	800	-1,700	2,500	0	3	0
75.00	1	2	600	1,400	-1,100	2,500	500	3	1
75.20	**0**	**2**	**0**	**1,400**	**-600**	**2,000**	**1,000**	**2**	**1**
78.00	1	3	4,000	5,400	4,400	1,000	0	1	0
85.10	0	3	0	5,400	4,400	1,000	1,000	1	1

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat		**$-----**
Kilograms offered to Purchase		**0**
Kilograms offered to Sell		**43,000**
Kilograms sold		**0**
Number of Producers		
- offered to purchase	**0**	
- purchased quota	**0**	
- offered to sell	**2**	
- sold quota	**0**	

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
60.00	1	1	2,000	2,000	2,000	0	0	0	0
64.50	1	2	41,000	43,000	43,000	0	0	0	0

WEIGHTED AVERAGE COMPONENT TESTS & PRICES April 2009

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7506	$11.638609
Protein	3.2962	$ 8.638601
Other Solids	5.6839	$ 1.252409

Based on the average component tests for the province, the average price received was $79.2453 per hectolitre. **The average butterfat price received per kilogram was $21.13.**

Over quota (4m) holdings are $2,359,973.57 for the first nine months of the 2008-2009 dairy year.

TEMPORARY QUOTA

It is anticipated that the 0.5% National Growth Allowance (line 4 on your Quota Management Sheet) will not be continued after July 31, 2009. A final decision will be made on this at the CMSMC meeting in July.

The Provincial carry-forward (line 5 on your Quota Management Sheet) will be eliminated effective August 1, 2009. Under the old National Quota Policy, a province could carry forward any under production between 99.5% and 100%. Under Continuous Quota, this type of carry-forward does not occur.

Producers should note that any temporary quota that is issued throughout any dairy year has an end date of July 31, and will only be continued if market and production conditions warrant a temporary quota issuance.

SASKATCHEWAN MILK POOL RESULTS April 2009

Milk Sale Revenue	$ 14,685,751.18
Western Milk Pool	$ 1,108,728.20
Dairy Farmers of Canada Skim Off	$ -19,037.12
Plant of Last Resort Service	$ -59,311.00
Total Pool Value	**$ 15,716,131.26**

UNALLOCATED TOTAL PRODUCTION QUOTA PENDING FOR August 1, 2009 IS ESTIMATED AT -.28%

Unallocated Total Production Quota Pending is the quota change being projected for the beginning of the new dairy year. This is the result of *pro-rata* quota allocations to producers during the current dairy year.

ACCOUNTING VALUES FOR CLASSES OF MILK May 2009

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$68.10	
Class 1b	$5.3000	$68.10	
Class 1c	$5.3000	$54.30	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.5339	$5.6447	$5.6447
Class 3a	$7.5339	$13.1864	$0.8940
Class 3b	$7.5339	$12.9337	$0.8780
Class 4a, 4b, 4d & 4d(i)	$7.5339	$5.2463	$5.2463
Class 4a(i)	$7.5339	$2.6000	$2.6000
Class 4c	**As approved by the Board**		
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.2328	$5.7899	$0.0001
Class 5b	$3.2328	$1.7910	$1.7910
Class 5c	$3.0000	$1.6981	$1.6981
Class 5d	**As determined by**	**the CDC**	

In April, Saskatchewan had a monthly CDC allocation of **707,304 kilograms** of butterfat. For April, Saskatchewan is **+36,533 kilograms** of butterfat over, and cumulatively over by **+77,326 kilograms** of butterfat. On a percentage basis, Saskatchewan is at **+0.89%** within our CDC allocation flexibility limits based on the Continuous Quota model.

For the 2008-09 dairy year, Saskatchewan produced **101.18%** of its allocation from August 1, 2008 to April 30, 2009.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **1.0%** Kgs bf col. 9 *1.0%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Aug-08	714,566	711,593	2,973	(130,546)	87,031	**2,973**	**0.03%**	-	8,703,089
Sep-08	702,656	712,733	(10,077)	(130,901)	87,268	**(7,104)**	**(0.08%)**	-	8,726,753
Oct-08	731,710	765,419	(33,709)	(130,809)	87,206	**(40,814)**	**(0.47%)**	-	8,720,621
Nov-08	725,592	730,200	(4,608)	(130,756)	87,171	**(45,421)**	**(0.52%)**	-	8,717,065
Dec-08	768,375	770,028	(1,652)	(130,900)	87,267	**(47,074)**	**(0.54%)**	-	8,726,664
Jan-09	776,069	747,648	28,421	(130,950)	87,300	**(-18,652)**	**(0.21%)**	-	8,729,975
Feb-09	696,788	673,299	23,490	(130,537)	87,025	**4,837**	**0.06%**		8,702,488
Mar-09	780,327	744,371	35,956	(130,533)	87,022	**40,793**	**0.47%**	-	8,702,230
Apr-09	743,837	707,304	36,533	(130,272)	86,848	**77,326**	**0.89%**	-	8,684,777

(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 1.0% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

QUOTA MANAGEMENT RESULTS

Please find enclosed your quota management results for April, 2009. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments. This sheet reflects the May 1, 2009 temporary quota decrease (line 11).

There are lines numbered 1 through 11 on the top portion of your quota management sheet which show adjustments to your quota for the 2008-2009 dairy year. Enclosed with your quota management sheet is an explanation of how these adjustments will affect what you are required to produce for mid-year (January 31st) and year-end (July 31st) to achieve 97%. If you have any questions, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, miscellaneous dairy equipment, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Swap in Unused Quota

- Springlake Colony – Sam (306) 741-8766
- Kelly Neudorf (306) 225-4680
- Keith Thoner (306) 259-2171
- Ford Dairy – Contact Leonard @ (306) 783-0977 or Margaret @ (306) 782-7240
- Anna Mulder (306) 933-9485
- Earview Colony - Dave (306) 672-3516
- Harry Martens (306) 239-4902 or cell (306) 222-0322
- Spring Creek Colony – Dave @ cell (403) 979-1379

Swap out Unused Quota

- Wheatland Colony would like to swap out quota. Contact George at (306) 587-2458 Ext. 109

Wanted – Quota to Purchase

- Wanted – quota to purchase (quota only) – approximately 10,000 kilograms. Contact Henry Klop (306) 493-2273

- Wanted to purchase approximately 10,000 – 13,000 kilograms quota. Contact Darcy Loewen. Call (306) 493-8201 or Cell (306) 493-7631. Fax (306) 493-8212.

Quota &/or Cows for Sale

- Cows and quota for sale. Contact Emile or Sylvia Marquette (306) 327-5736

- Two breeding age bulls for sale. Contact Ernest Friesen at (306) 931-1947 or (306) 260-9480.

- For sale – 10 milk cows. Phone Chad (306) 598-2054

- For sale – 14 heifers and 3 cows. Phone Fred or Anne Monchuk (306) 365-4750

- Quota for sale. Approximately 32,000 kilograms. Contact Dan Hazell @ Glenacre Holsteins. Phone (306) 224-4850. Fax (306) 224-4909.

- Cows and quota (approximately 40,000 kilograms). Please contact Ken Schmidt @ (306) 374-8980

- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997

- For sale: 2 year old Reg Holstein Bull. Sire is Comestar L'Heros and the Dam is a VG Rudolph with 5 Lact. Avg 253-273-271 BCA 1 Superior lact, 2nd Dam is EX 2E 6* Chief Mark, 4 Lact Avg 234-275-225 BCA 2 Superior lact. This Bull is backed by 8 generations of VG or EX. He is a proven breeder and he has an excellent disposition. Contact Lloyd Sawatzky, Saskatoon, SK. Phone (306) 239-4818. Cell (306) 281-2247.

- For sale: 18 Reg Holstein heifers due March – June 2009. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.

Miscellaneous For Sale

- 2000 U.S. Gallon Alfa-Laval Milk Tank with cooling condensers and compressors. Contact Ferch Farms (306) 736-2205.

- One 14' Richardson Jiffy Hy-dump sileage wagon. Contact Bob or Kim McCubbing, Unity, Sask. Phone (306) 228-2921 or cell (306) 228-8598.

- Hay for sale: First and Second Cut. Birch Hills, Sask. (306) 749-2879
  Livestock Equipment for Sale:
  120 artex freestalls
  120 pasturemat matress
  De Laval Sort Gate
  Supreme model 900 TMR Mixer
  Supreme model 700 TMR Mixer
  Haybuster Model H1000 with 3 sets of screens and grain attachments
  6000 gallon HUSKY Manure tank, flotation tide with injectors
  Contact (306) 749-2879

- Dairy Equipment for Sale: 1 18" x 10' belt conveyor; 6 Waikato milk meters; 6 Delaval milk machines with vacuum pulsators; Delaval vacuum pump with 7.5 hp motor. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.

- Alfa-laval Accublend 285 Mixer; Agri-Metal 542 feedcart; Renn 10hp Roller mill; Conveyors, 2-14 ft x 18 inch, 1-42 ft x 18 inch; 2 – 6 inch electric augers, 10 & 14ft; Harvestore, Goliath and Hercules unloaders; Mueller 1000 gallon milk tank; Alamo 100 vacuum pump; Surge Eclipse milking units and retractors. Contact: Leonard Blocka (306) 764-8439 or cell (306) 960-6608.

- 16 Waikato milk meters $250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. $50,000. Contact Corman Holsteins (306) 933-4608

- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-28 78 in Carlyle, SK

- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

Wanted to Buy

- Used Ration Master II Processor (used for feed stations)
  Contact Margaret at (306) 782-7240.

MILK CONTROL BOARD MEMBERS

Blaine McLeod - Chairman	Dairy Producer - (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer - (306) 771-4186
Alvin Schultz - member	Dairy producer - (306) 254-4301
Dr. Bob Tyler - member	Professor - Dept. of Food & Bioproduct Sciences, University of Saskatchewan, Saskatoon

For further information, please contact the Saskatchewan Milk Control Board office.
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